

**KOOSHAREM TOWN**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

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Honorable Mayor and Town Board  
Town of Koosharem  
Koosharem, Utah 84744

We have compiled the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Koosharem as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 13 and 40 through 41, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

Richfield, Utah  
October 31, 2005

**TOWN OF KOOSHAREM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2005**

This discussion of Koosharem Town financial performance provided an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, highways and public improvements and culture and recreation.

**Financial Highlights**

- \* The assets of the Town exceeded its liabilities as of the close of the most recent year by \$822,531 (net assets). Of this amount, \$71,639 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- \* The government's total net assets increased by \$18,048. The revenues met or exceeded the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- \* At the close of the current year, the Town's governmental funds reported ending fund balance of \$80,838, an increase of \$1,043 in comparison with the prior year. Approximately 43 percent of this total amount, \$34,408 is available for spending at the government's discretion (unreserved fund balance).
- \* At the end of the current year, unreserved fund balance for the general fund was \$34,408, or 30 percent of total general fund expenditures.
- \* The Town's total debt decreased by \$34,172 during the current year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, highways and public improvements, and culture and recreation. The business-type activities of the Town are water operations, garbage and landfill services.

Refer to the table of contents for the location of the government-wide financial statements.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Koosharem Town maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund,

The Town adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary Funds**

Koosharem Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, garbage and landfill.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

## Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Koosharem Town's, assets exceeded liabilities by \$822,531 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (85 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$71,639) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Koosharem Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	84,320	81,810	46,096	40,643	130,416	122,453
Capital Assets	230,444	237,214	545,272	560,172	775,716	797,386
<b>Total Assets</b>	<b>314,764</b>	<b>319,024</b>	<b>591,368</b>	<b>600,815</b>	<b>906,132</b>	<b>919,839</b>
Long-Term Liabilities	57,373	57,372	18,501	18,486	75,874	75,858
Other Liabilities	3,482	21,015	4,245	18,483	7,727	39,498
<b>Total Liabilities</b>	<b>60,855</b>	<b>78,387</b>	<b>22,746</b>	<b>36,969</b>	<b>83,601</b>	<b>115,356</b>
<b>Net Assets:</b>						
Invested in Capital Assets						
Net of Related Debt	173,071	160,842	526,771	526,498	699,842	687,340
Restricted	46,430	43,564	4,620	2,480	51,050	46,044
Unrestricted	34,408	36,231	37,231	34,868	71,639	71,099
<b>Total Net Assets</b>	<b>253,909</b>	<b>240,637</b>	<b>568,622</b>	<b>563,846</b>	<b>822,531</b>	<b>804,483</b>

## Governmental Activities

Governmental activities increased Koosharem Town's net assets by \$13,272.

### Koosharem Town Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	30,904	15,154	76,228	82,832	107,132	97,986
Operating Grants	47,304	84,000	-	38,860	47,304	122,860
Capital Grants	-	-	-	60,000	-	60,000
General Revenues:						
Property Taxes	5,133	5,110	-	-	5,133	5,110
Other Taxes	30,106	26,780	-	-	30,106	26,780
Impact Fees	467	-	3,858	-	4,325	-
Interest Earning:	1,803	827	675	363	2,478	1,190
<b>Total Revenues</b>	<b>115,717</b>	<b>131,871</b>	<b>80,761</b>	<b>182,055</b>	<b>196,478</b>	<b>313,926</b>
<b>Expenses:</b>						
General Government	42,267	38,091	-	-	42,267	38,091
Public Safety	20,863	52,698	-	-	20,863	52,698
Highways and Public Improvements	19,583	18,897	-	-	19,583	18,897
Culture and Recreation	16,271	9,935	-	-	16,271	9,935
Interest on Long-Term Debt	3,461	4,393	1,070	1,654	4,531	6,047
Water, Garbage & Landfill	-	-	74,915	107,723	74,915	107,723
<b>Total Expenses</b>	<b>102,445</b>	<b>124,014</b>	<b>75,985</b>	<b>109,377</b>	<b>178,430</b>	<b>233,391</b>
<b>Increase in Net Assets Before Transfers</b>	<b>13,272</b>	<b>7,857</b>	<b>4,776</b>	<b>72,678</b>	<b>18,048</b>	<b>80,535</b>
<b>Transfers</b>	<b>-</b>	<b>16,200</b>	<b>-</b>	<b>(16,200)</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Assets</b>	<b>13,272</b>	<b>24,057</b>	<b>4,776</b>	<b>56,478</b>	<b>18,048</b>	<b>80,535</b>
<b>Net Assets - Beginning</b>	<b>240,637</b>	<b>216,580</b>	<b>563,846</b>	<b>507,368</b>	<b>804,483</b>	<b>723,948</b>
<b>Net Assets - Ending</b>	<b>253,909</b>	<b>240,637</b>	<b>568,622</b>	<b>563,846</b>	<b>822,531</b>	<b>804,483</b>

\* The City received operating grants of \$47,304. Of this amount, \$18,255 was received for fire department equipment. Another operating grant is \$25,925 from Class C roads.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

## **Business-Type Activities**

Business-type activities increased the Town's net assets by \$4,776.

- \* The depreciation in the enterprise funds remained the same as the prior year.

## **Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental fund (general fund) reported combined ending fund balances of \$80,838, an increase of \$1,043 in comparison with the prior year. Approximately 43 percent of this amount (\$34,408) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to highways and public improvements for \$43,000 and impact fees of \$3,430.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 30 percent of total general fund expenditures, while total fund balance represents 70 percent of that same amount.

### **Proprietary Funds**

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water, garbage and landfill fund at the end of the year was \$37,231. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

### **General Fund Budgetary Highlights**

The differences between the original budget and the final amended budget was an increase of \$2,798.

- \* General Government increased \$1,865.
- \* Public Safety increased \$798.
- \* Culture and Recreation increased \$135.

Actual revenues were less than budgeted revenues by \$44,954 and actual expenditures were less than budgeted expenditures by \$45,997 resulting in a net increase in fund balance of \$1,043.



## Capital Asset and Debt Administration

### Capital Assets

Koosharem Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$230,444 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads and highways.

The total increase in the Town's investment in capital assets for the current year was \$15,645. Major capital asset events during the current year included the following:

- \* Cascade system for filling and filtering air tanks for the fire department \$15,645.

#### Koosharem Town's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	64,564	64,564	1,000	1,000	65,564	65,564
Water Shares			177,900	177,900	177,900	177,900
Infrastructure	88,500	106,200	-	-	88,500	106,200
Buildings	63,300	66,450	-	-	63,300	66,450
Improvements Other than Buildings	-	-	366,372	381,272	366,372	381,272
Equipment	14,080	-	-	-	14,080	-
Total	230,444	237,214	545,272	560,172	775,716	797,386

Additional information on the Town's capital assets can be found in the notes to the financial statements.

### Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$75,874. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

#### Koosharem Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	57,373	76,372	18,501	33,674	75,874	110,046

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

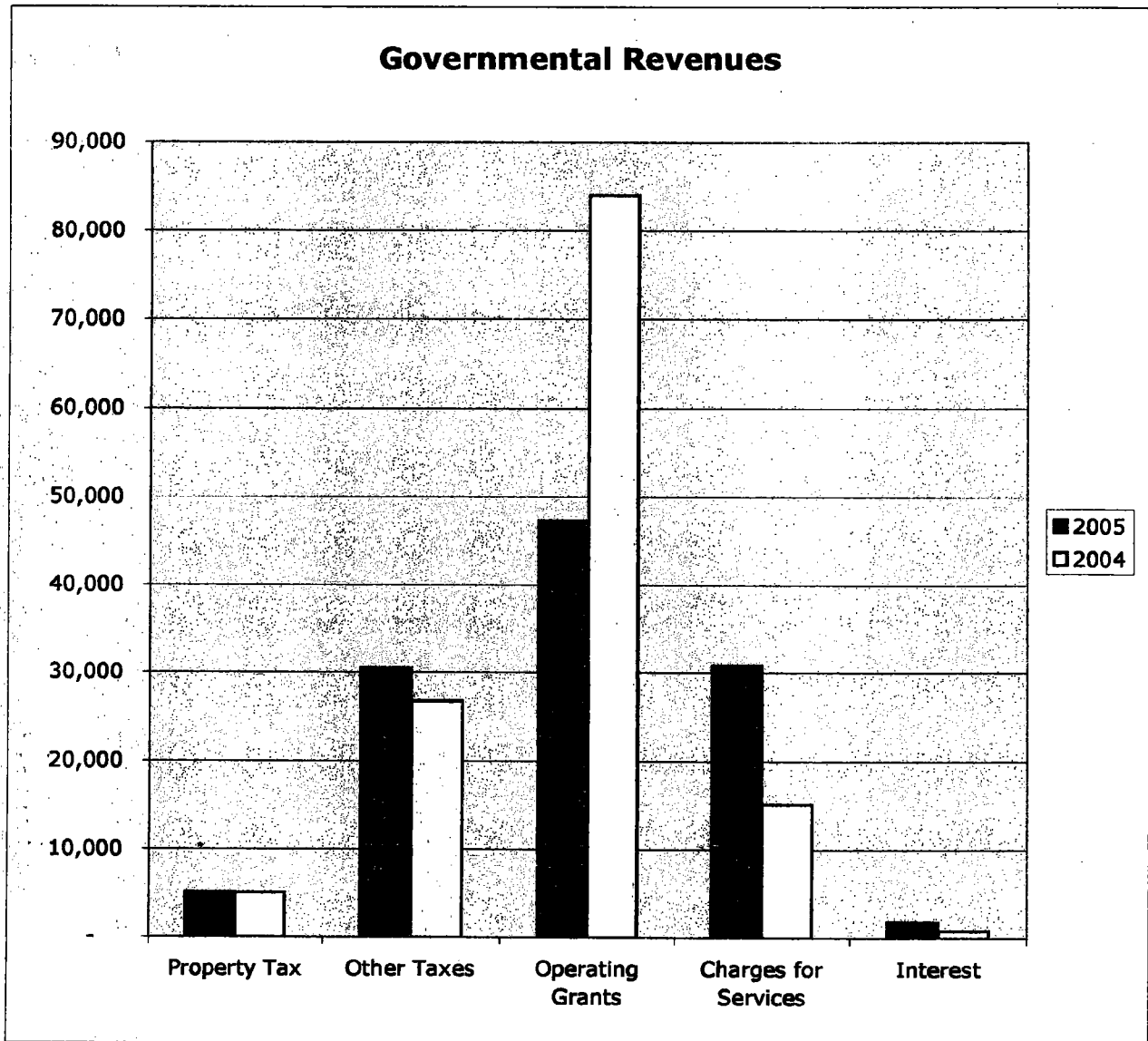
Additional information on Koosharem Town's long-term debt can be found in the notes of the financial statements.

## **Request for Information**

This financial report is designed to provide a general overview of Koosharem Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Koosharem Town Clerk, P.O. Box 440199, Koosharem, Utah, 84744.

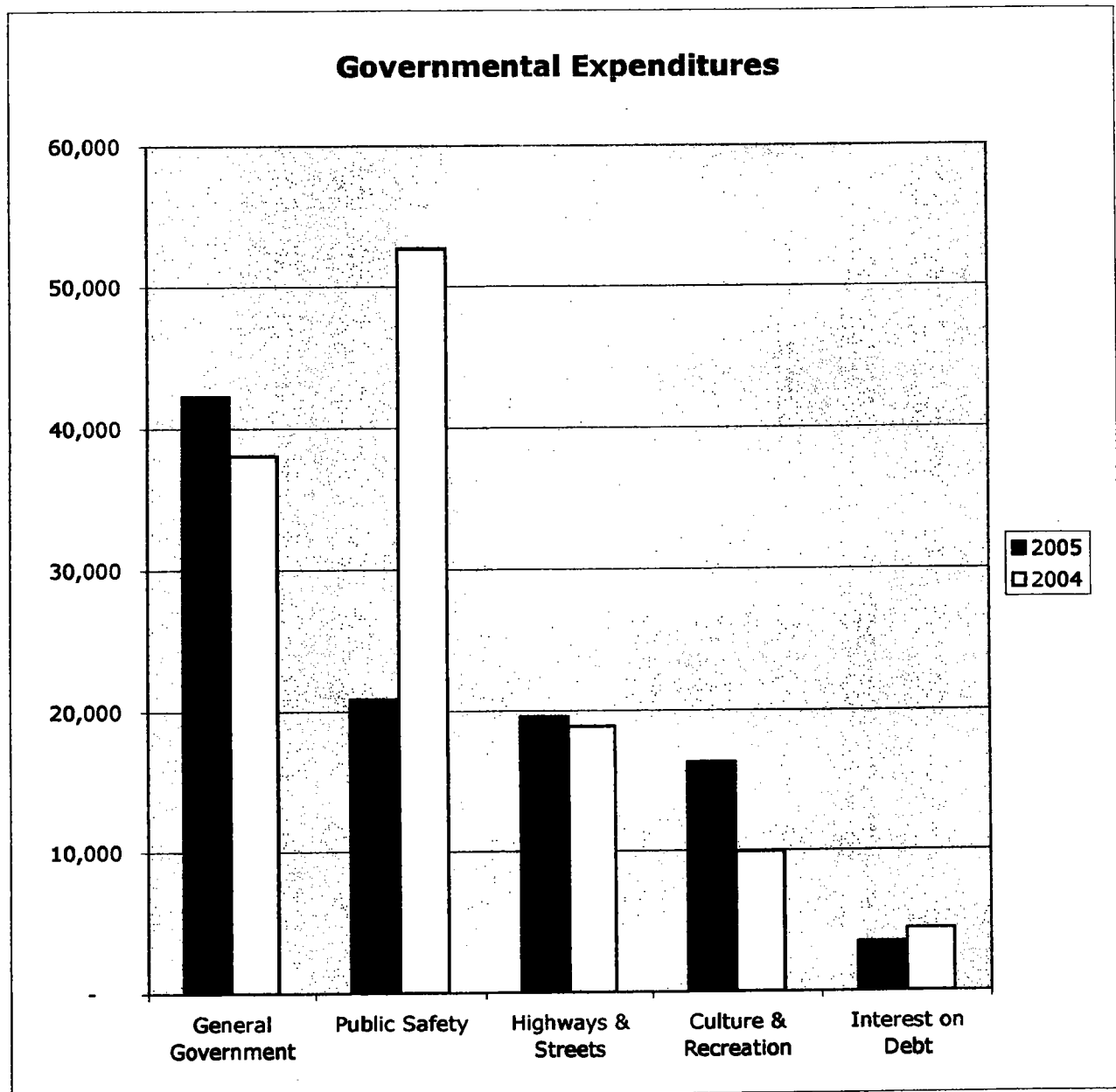
**Town of Koosharem**  
**Governmental Revenues**  
**For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Property Tax	5,133	5,110
Other Taxes	30,573	26,780
Operating Grants	47,304	84,000
Charges for Services	30,904	15,154
Interest	1,803	827
<b>Total Revenues</b>	<b>115,717</b>	<b>131,871</b>



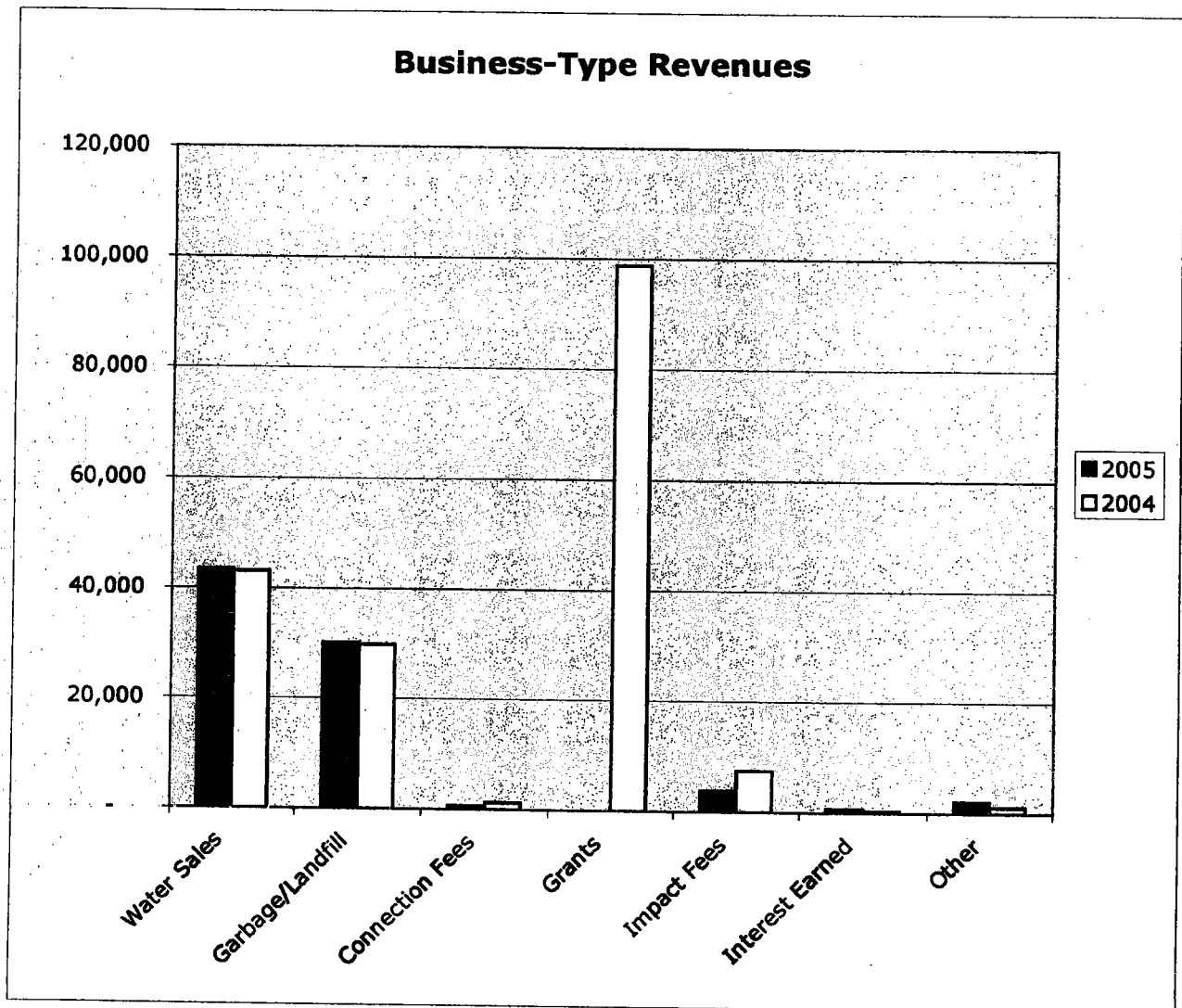
**Town of Koosharem**  
**Governmental Expenditures**  
**For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
General Government	42,267	38,091
Public Safety	20,863	52,698
Highways & Streets	19,583	18,897
Culture & Recreation	16,271	9,935
Interest on Debt	3,461	4,393
<b>Total Expenditures</b>	<b>102,445</b>	<b>124,014</b>



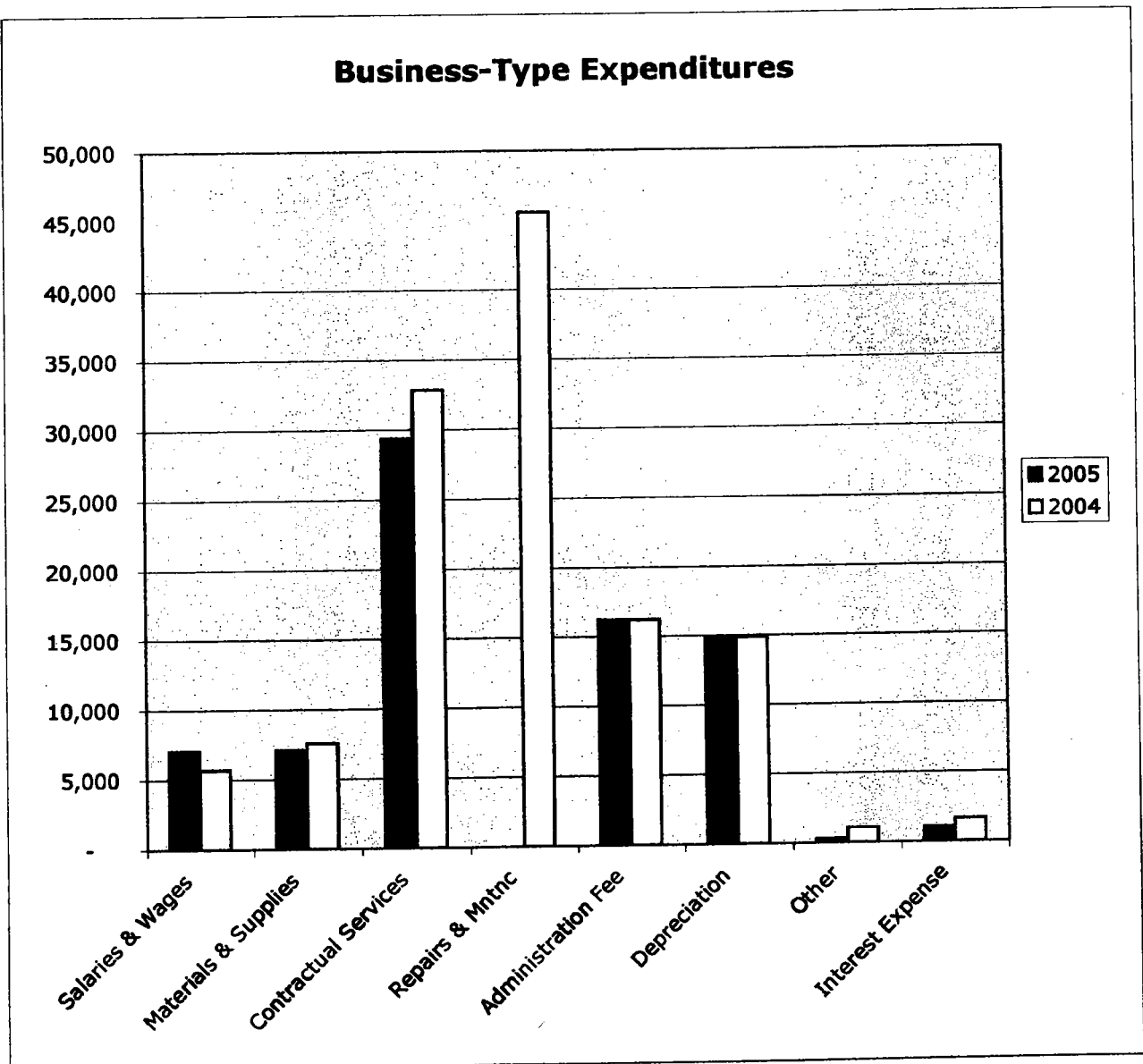
**Town of Koosharem**  
**Business-Type Revenues**  
**For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Water Sales	43,494	43,133
Garbage/Landfill	30,031	29,790
Connection Fees	620	1,300
Grants	-	98,860
Impact Fees	3,858	7,470
Interest Earned	675	363
Other	2,083	1,139
<b>Total Revenues</b>	<b>80,761</b>	<b>182,055</b>



**Town of Koosharem**  
**Business Type Expenditures**  
**For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Salaries & Wages	7,067	5,706
Materials & Supplies	7,106	7,588
Contractual Services	29,382	32,854
Repairs & Mntnc	-	45,566
Administration Fee	16,200	16,200
Depreciation	14,900	14,900
Other	260	1,109
Interest Expense	1,070	1,654
<b>Total Expenditures</b>	<b>75,985</b>	<b>125,577</b>



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# **BASIC FINANCIAL STATEMENTS**

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**TOWN OF KOOSHAREM  
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	76,904	32,016	108,920
Accounts Receivable (Net)	2,472	9,460	11,932
Due From Other Government Units	4,944	-	4,944
Total Current Assets	84,320	41,476	125,796
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	4,620	4,620
Capital Assets (Net of Accumulated Depreciation):			
Land	64,564	1,000	65,564
Water Shares	-	177,900	177,900
Buildings	63,300	-	63,300
Equipment	14,080	-	14,080
Improvements Other Than Buildings	-	366,372	366,372
Infrastructure	88,500	-	88,500
Total Noncurrent Assets	230,444	549,892	780,336
<b>TOTAL ASSETS</b>	<b>314,764</b>	<b>591,368</b>	<b>906,132</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,550	2,887	4,437
Accrued Liabilities	1,932	1,358	3,290
Revenue Bonds Payable - Due Within One Year	19,962	15,804	35,766
Total Current Liabilities	23,444	20,049	43,493
Noncurrent Liabilities:			
Revenue Bonds Payable - Due More Than One Year	37,411	2,697	40,108
<b>TOTAL LIABILITIES</b>	<b>60,855</b>	<b>22,746</b>	<b>83,601</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Debt	173,071	526,771	699,842
Restricted For:			
Class C Road	43,000	-	43,000
Impact Fees	3,430	4,620	8,050
Unrestricted	34,408	37,231	71,639
<b>TOTAL NET ASSETS</b>	<b>253,909</b>	<b>568,622</b>	<b>822,531</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>314,764</b>	<b>591,368</b>	<b>906,132</b>

See accompanying notes and accountant's report.

**TOWN OF KOOSHAREM  
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs	Net (Expense) Revenues and Changes in Net Assets			
	Primary Government			Total
	Expenses	Charges for Services	Program Revenues Operating Grants/ Contributions	
<b>Governmental Activities:</b>				
General Government	42,267	20,679	-	(21,588)
Public Safety	20,863	-	21,379	516
Highways and Public Improvements	19,583	-	25,925	6,342
Culture and Recreation	16,271	10,225	-	(6,046)
Interest on Long-Term Debt	3,461	-	-	(3,461)
<b>Total Governmental Activities</b>	<b>102,445</b>	<b>30,904</b>	<b>47,304</b>	<b>(24,237)</b>
<b>Business-Type Activities:</b>				
Utility Fund	75,985	76,228	-	243
<b>Total Primary Government</b>	<b>178,430</b>	<b>107,132</b>	<b>-</b>	<b>(23,994)</b>
<b>General Revenues:</b>				
Property Taxes				5,133
Fee-In-Lieu of Property Taxes				1,433
Sales Taxes				28,673
Unrestricted Investment Earnings				467
Transfers				1,803
<b>Total General Revenues and Transfers</b>				<b>37,509</b>
<b>Change in Net Assets</b>				<b>13,272</b>
<b>Net Assets - Beginning</b>				<b>240,637</b>
<b>Net Assets - Ending</b>				<b>253,909</b>

See accompanying notes and accountant's report.

**TOWN OF KOOSHAREM  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	76,904
Accounts Receivable (Net)	2,472
Due From Other Government Units	<u>4,944</u>
<b>TOTAL ASSETS</b>	<u><u>84,320</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts Payable	1,550
Accrued Liabilities	<u>1,932</u>
<b>Total Liabilities</b>	<u>3,482</u>
Fund Balances:	
Reserved For:	
Class "C" Road	43,000
Impact Fees	3,430
Unreserved, Reported In:	
General Fund	<u>34,408</u>
<b>Total Fund Balance</b>	<u>80,838</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>84,320</u></u>

See accompanying notes and accountant's report.

**TOWN OF KOOSHAREM**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

**June 30, 2005**

Total Fund Balances - Governmental Fund Types	80,838
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	64,564	
Buildings	63,300	
Equipment	14,080	
Infrastructure	<u>88,500</u>	
 Total		 230,444

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Road Revenue Bond	<u>(57,373)</u>
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Net Assets of Government Activities	<u><u>253,909</u></u>
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**TOWN OF KOOSHAREM**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
<b>Revenues:</b>	
Taxes	35,239
Licenses and Permits	510
Intergovernmental Revenue	47,304
Charges for Services	26,425
Interest	1,803
Miscellaneous Revenues	<u>4,436</u>
Total Revenues	<u>115,717</u>
<b>Expenditures:</b>	
Current:	
General Government	40,767
Public Safety	33,293
Highways and Public Improvements	1,883
Culture and Recreation	16,271
Debt Service:	
Principal	18,999
Interest	<u>3,461</u>
Total Expenditures	<u>114,674</u>
Net Change In Fund Balance	1,043
Fund Balance - Beginning	<u>79,795</u>
Fund Balance - Ending	<u><u>80,838</u></u>

See accompanying notes and accountant's report.

**TOWN OF KOOSHAREM**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net Changes in Fund Balances - Total Governmental Funds	1,043
---------------------------------------------------------	-------

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays exceeded depreciation in the current period:

Equipment	15,645	
Infrastructure	<u>(22,415)</u>	
		(6,770)
Total		

The issuance of long-term debt (e.g., bonds, leases) provide current financial  
resources to governmental funds, while the repayment of the principal of  
long-term debt consumes the current financial resources of governmental funds.  
Neither transaction, however, has any effect on net assets. This amount is the  
net effect of these differences in the treatment of long-term debt and related items.

Principal Payment on Bonds	<u>18,999</u>
Changes In Net Assets of Governmental Activities	<u><u>13,272</u></u>

**TOWN OF KOOSHAREM  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund	Utility Fund
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	32,016	
Accounts Receivable	9,460	
Total Current Assets	<u>41,476</u>	
Noncurrent Assets:		
Investments - Restricted:		
Impact Fees	4,620	
Capital Assets: (Net of Accumulated Depreciation)		
Land	1,000	
Water Rights	177,900	
Improvements Other Than Buildings	<u>366,372</u>	
Total Noncurrent Assets	<u>549,892</u>	
<b>TOTAL ASSETS</b>	<u><u>591,368</u></u>	
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	2,887	
Deferred Revenue	1,358	
Bonds Payable - Current Portion	<u>15,804</u>	
Total Current Liabilities	<u>20,049</u>	
Noncurrent Liabilities:		
Bonds Payable - Long-Term Portion	<u>2,697</u>	
<b>TOTAL LIABILITIES</b>	<u><u>22,746</u></u>	
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	526,771	
Restricted for Impact Fees	4,620	
Unrestricted	<u>37,231</u>	
<b>TOTAL NET ASSETS</b>	<u><u>568,622</u></u>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>591,368</u></u>	

See accompanying notes and accountant's report.

**TOWN OF KOOSHAREM**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Utility Fund</u>
<b>Operating Revenues:</b>	
Charges for Sales and Services:	
Water	43,494
Garbage/Landfill	30,031
Hookups Fees	620
Other	<u>2,083</u>
Total Operating Revenues	<u>76,228</u>
<b>Operating Expenses:</b>	
Salaries and Wages	7,067
Materials and Supplies	7,106
Contractual Services	29,382
Administrative Fee	16,200
Other	260
Depreciation	<u>14,900</u>
Total Operating Expenses	<u>74,915</u>
Operating Income	<u>1,313</u>
<b>Nonoperating Revenues (Expenses):</b>	
Investment Earnings	675
Impact Fees	3,858
Interest Expense	<u>(1,070)</u>
Total Nonoperating Revenues (Expenses)	<u>3,463</u>
Change in Net Assets	4,776
Total Net Assets - Beginning	<u>563,846</u>
Total Net Assets - Ending	<u><u>568,622</u></u>

See accompanying notes and accountant's report.



**TOWN OF KOOSHAREM  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund
	<u>Utility Fund</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts From Customers	75,005
Payments to Suppliers	(51,998)
Payments to Employees	<u>(7,067)</u>
Net Cash Provided by Operating Activities	<u>15,940</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Principal Paid on Capital Debt	(15,173)
Interest Paid on Capital Debt	(1,070)
Impact Fees	<u>3,858</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,385)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Received	<u>675</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,230
Cash and Cash Equivalents - Beginning	<u>32,406</u>
Cash and Cash Equivalents - Ending	<u><u>36,636</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used)</b>	
<b>By Operating Activities:</b>	
Operating Income	<u>1,313</u>
Adjustments to Reconcile Operating Income to Net Cash Provided	
Provided (Used) By Operating Activities:	
Depreciation	14,900
Increase (Decrease) in Operating Assets:	
Accounts Receivable	(1,223)
Deferred Revenue	588
Accounts Payable	<u>362</u>
Total Adjustments	<u>14,627</u>
Net Cash Provided (Used) by Operating Activities	<u><u>15,940</u></u>

See accompanying notes and accountant's report.

**TOWN OF KOOSHAREM  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town Koosharem conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

**A. Reporting Entity**

The Town Koosharem is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and a four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, the Town Koosharem, the reporting entity. The Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**TOWN OF KOOSHAREM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town of Kooshare considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the Town water operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**TOWN OF KOOSHAREM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**TOWN OF KOOSHAREM  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Equipment	5 Years
Irrigation System	40 Years

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Budgets and Budgetary Accounting:**

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing (no time period given for towns) in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction.

**TOWN OF KOOSHAREM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the Town Board in the month of May, the mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the Town Board makes final adjustments to the tentative budget.
4. On or before June 22, the Town Board adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The Town Board may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the Town Board.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the Town Board.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Towns require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have overexpended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

**TOWN OF KOOSHAREM  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Property Tax Calendar**

January 1	Lien Date - All property appraised based upon situs and status as of this date (real and personal).
March 1	Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.
June 22	All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.
July 22	County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices.
September 1	State Tax Commission approves tax rates.
November 1	County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.
November 1	County auditor to charge the county treasurer to account for all taxes levied.
November 1	County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.
November 30	Taxes on real property become delinquent.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	17,337
Investment - PTIF	<u>96,203</u>
Total Cash and Investments	<u><u>113,540</u></u>

**TOWN OF KOOSHAREM  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	76,904
Business-Type Activities - Unrestricted	32,016
Business-Type Activities - Restricted	<u>4,620</u>
Total Cash and Cash Equivalents	<u><u>113,540</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

**Deposit and Investment Risk:**

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.



**TOWN OF KOOSHAREM  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

**Credit Risk:**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**Concentration of Credit Risk:**

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - ACCOUNTS RECEIVABLE - UTILITY FUND**

Accounts receivable of \$9,460 represents amounts owed the Town by residents for utility billings through June 30, 2005.

**TOWN OF KOOSHAREM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	41,000	-	-	41,000
Land Under Roads	<u>23,564</u>	<u>-</u>	<u>-</u>	<u>23,564</u>
 Total Capital Assets Not Being Depreciated	 <u>64,564</u>	 <u>-</u>	 <u>-</u>	 <u>64,564</u>
 Capital Assets Being Depreciated:				
Buildings	126,000	-	-	126,000
Equipment	-	15,645	-	15,645
Infrastructure	<u>177,000</u>	<u>-</u>	<u>-</u>	<u>177,000</u>
 Total Capital Assets Being Depreciated	 <u>303,000</u>	 <u>15,645</u>	 <u>-</u>	 <u>318,645</u>
 Less Accumulated Depreciation For:				
Buildings	59,550	3,150	-	62,700
Equipment	-	1,565	-	1,565
Infrastructure	<u>70,800</u>	<u>17,700</u>	<u>-</u>	<u>88,500</u>
 Total Accumulated Depreciation	 <u>130,350</u>	 <u>22,415</u>	 <u>-</u>	 <u>152,765</u>
 Total Capital Assets Being Depreciated (Net)	 <u>172,650</u>	 <u>(6,770)</u>	 <u>-</u>	 <u>165,880</u>
 Governmental Activities Capital Assets, Net	 <u>237,214</u>	 <u>(6,770)</u>	 <u>-</u>	 <u>230,444</u>

**TOWN OF KOOSHAREM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	1,000	-	-	1,000
Water Stock	<u>177,900</u>	<u>-</u>	<u>-</u>	<u>177,900</u>
 Total Capital Assets Not Being Depreciated	 <u>178,900</u>	 <u>-</u>	 <u>-</u>	 <u>178,900</u>
 Capital Assets Being Depreciated:				
Equipment	3,200	-	-	3,200
Utility Systems	<u>595,516</u>	<u>-</u>	<u>-</u>	<u>595,516</u>
 Total Capital Assets Being Depreciated	 <u>598,716</u>	 <u>-</u>	 <u>-</u>	 <u>598,716</u>
 Less Accumulated Depreciation For:				
Equipment	3,200	-	-	3,200
Utility Systems	<u>214,244</u>	<u>14,900</u>	<u>-</u>	<u>229,144</u>
 Total Accumulated Depreciation	 <u>217,444</u>	 <u>14,900</u>	 <u>-</u>	 <u>232,344</u>
 Total Capital Assets Being Depreciated (Net)	 <u>381,272</u>	 <u>(14,900)</u>	 <u>-</u>	 <u>366,372</u>
 Business Type Activities Capital Assets, Net	 <u>560,172</u>	 <u>(14,900)</u>	 <u>-</u>	 <u>545,272</u>
 Total Capital Assets	 <u><u>797,386</u></u>	 <u><u>(21,670)</u></u>	 <u><u>-</u></u>	 <u><u>775,716</u></u>

**TOWN OF KOOSHAREM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	1,500	-	1,500
Public Safety	3,215	-	3,215
Public Health	-	14,900	14,900
Highways and Public Improvements	<u>17,700</u>	<u>-</u>	<u>17,700</u>
Total Depreciation Expense	<u><u>22,415</u></u>	<u><u>14,900</u></u>	<u><u>37,315</u></u>

**NOTE 5 - MUNICIPAL BUILDING AUTHORITY**

On May 5, 2005, the Town approved the organization of a Municipal Building Authority for the purpose of acquiring, improving, or extending any improvements, facilities or properties and appurtenances to them which the Town is authorized or permitted by law including but not limited to acquiring, leasing, constructing, furnishing, maintaining and operating an equipment storage building and related facilities, or to acquiring or leasing land required for or related to these purposes.

The Town is planning on building a storage facility at a cost of approximately \$120,000. The project will begin in the following fiscal year. There was no activity during the current fiscal year.

**NOTE 6 - LONG-TERM DEBT**

**Utility Long-Term Debt**

**Water Revenue Refunding Bonds:**

On August 1, 2002, the Town paid in full their obligation to GMAC Commercial Mortgage Corporation by refinancing with the State Bank of Southern Utah through a water revenue refunding bond, Series 2001 in the amount of \$60,000. The bond carries a interest rate of 4% and requires monthly payments of \$1,354.77 per month.

The following is a schedule of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	15,804	454	16,258
2006-2007	<u>2,697</u>	<u>13</u>	<u>2,710</u>
Total	<u><u>18,501</u></u>	<u><u>467</u></u>	<u><u>18,968</u></u>

**TOWN OF KOOSHAREM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The following is a statement of changes in Utility Long-Term Debt:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
State Bank of Southern Utah:	33,674	-	15,173	18,501

**Governmental Long-Term Debt**

**Street Improvement Revenue Bonds, Series 2001:**

On July 10, 2001, the Town issued bonds to finance the cost of constructing improvement to certain Class C roads within the boundaries of the Town. The bonds carry an interest rate of 5% and require quarterly payments of \$5,615.20 which began December 1, 2001. The Town has pledged their Class C Road allotments from the State of Utah until the bonds are paid in full.

The following is a summary of debt service charges to maturity:

	Principal	Interest	Total
2005-2006	19,962	2,499	22,461
2006-2007	20,980	1,481	22,461
2007-2008	16,431	413	16,844
	<u>57,373</u>	<u>4,393</u>	<u>61,766</u>

The following is a statement of changes in Governmental Long-Term Debt:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Revenue Bonds, Series 2001	76,372	-	18,999	57,373

**TOWN OF KOOSHAREM**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 7 - CLASS C ROADS**

The following is schedule of receipts and disbursements in the Class C Road:

Balance - Beginning of Year		40,451
Receipts:		
State Allotments	25,850	
Road Impact Fees	227	
Interest	<u>815</u>	
Total Receipts		26,892
Disbursements:		
Class C Road Projects	(1,883)	
Bond Principal	(18,999)	
Bond Interest	<u>(3,461)</u>	
Total Disbursements		<u>(24,343)</u>
Balance - End of Year		<u><u>43,000</u></u>

**NOTE 8 - IMPACT FEES**

On February 28, 1999, the town adopted an impact fee ordinance for water, roads, parks and fire which are broken into four areas as follows:

	<u>Area 1</u>	<u>Area 2</u>	<u>Area 3</u>	<u>Area 4</u>
Water	3,497	4,012	3,504	4,013
Roads	209	548	209	548
Parks	221	221	221	221
Fire	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
Total	<u><u>3,954</u></u>	<u><u>4,808</u></u>	<u><u>3,961</u></u>	<u><u>4,809</u></u>

The Town is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the system, or other expenditures as allowed by law.

Certain funds must be expended within six years from receipt or the funds must be returned with interest to the payer.

**TOWN OF KOOSHAREM  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 8 - IMPACT FEES (CONTINUED)**

The following is the balance of impact fees collected and not expended at year end:

	<u>Amount</u>
Water	4,620
Roads	-
Parks	3,430
Fire	<u>-</u>
Total	<u><u>8,050</u></u>

**NOTE 9 - UTAH STATE RETIREMENT PLANS**

The Town of Kooshareem does not participate in the Utah State Retirement Plan.

**NOTE 10 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in the Utah Local Governments Trust. The insurance coverage's are written on a group purchase arrangement. All of the insurance coverage is brokered and written through various insurance companies. Utah Local Government Trust acts as the broker.

**Liability:**

The Town is insured for \$2,000,000 combined single limit with no deductible per occurrence for Comprehensive General Liability. Bodily injury, personal injury, property damage, public officials errors and omissions coverage \$2,000,000 aggregate each policy period with no deductible.

**Automobile Liability:**

The Town is insured for automobile bodily injury for \$2,000,000 combined single limit per accident with no deductible. Property damage \$2,000,000 aggregate each policy period. The coverage also covers uninsured motorist \$65,000 each accident and \$50,000 each policy period.

**Property:**

All of the property coverage is brokered and written through Utah Local Government Trust. Buildings and equipment are covered based on replacement costs subject to a \$1,000 deductible.

The Town has not experienced any significant reduction in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three fiscal years.

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**TOWN OF KOOSHAREM  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2004	79,795	79,795	79,795	-
Resources (Inflows):				
Taxes:				
General Property Taxes	4,875	4,965	4,778	(187)
Prior Years Taxes	400	310	355	45
General Sales and Use Taxes	27,741	27,741	28,673	932
Fee-In-Lieu	2,035	2,035	1,433	(602)
Total Taxes	35,051	35,051	35,239	188
Licenses and Permits	450	450	510	60
Intergovernmental Revenue:				
Class C Road	37,271	37,571	25,925	(11,646)
State Grants	11,910	11,910	9,927	(1,983)
Federal Grants	7,818	7,818	8,328	510
State Liquor Allotment	105	105	124	19
Contributions from County	2,000	2,000	3,000	1,000
Total Intergovernmental Revenue	59,104	59,404	47,304	(12,100)
Charges for Services:				
Cemetery	5,100	4,800	10,225	5,425
Administrative Fee	16,200	16,200	16,200	-
Total Charges for Services	21,300	21,000	26,425	5,425
Other Revenue:				
Interest	800	800	1,803	1,003
Rents and Concessions	860	860	780	(80)
Impact Fees	1,940	1,940	467	(1,473)
Other	6,935	8,038	3,189	(4,849)
Transfer from Water Fund	31,433	33,128	-	(33,128)
Total Miscellaneous Revenue	41,968	44,766	6,239	(38,527)
Amounts Available for Appropriation	237,668	240,466	195,512	(44,954)

**TOWN OF KOOSHAREM  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Charges to Appropriations (Outflows):				
General Government:				
Salaries	-	24,191	22,168	2,023
Administration	37,286	10,960	11,188	(228)
Professional Services	3,200	2,700	2,500	200
Education and Community Promotion	250	250	225	25
Insurance	-	4,500	4,686	(186)
Total General Government	<u>40,736</u>	<u>42,601</u>	<u>40,767</u>	<u>1,834</u>
Public Safety:				
Fire Department	<u>33,195</u>	<u>33,993</u>	<u>33,293</u>	<u>700</u>
Highway and Public Improvements:				
Repairs and Maintenance	36,300	36,300	1,883	34,417
Debt Service	<u>22,461</u>	<u>22,461</u>	<u>22,460</u>	<u>1</u>
Total Highways and Public Improvements	<u>58,761</u>	<u>58,761</u>	<u>24,343</u>	<u>34,418</u>
Culture and Recreation:				
Cemetery	9,365	9,000	7,280	1,720
Parks	<u>15,816</u>	<u>16,316</u>	<u>8,991</u>	<u>7,325</u>
Total Culture and Recreation	<u>25,181</u>	<u>25,316</u>	<u>16,271</u>	<u>9,045</u>
Total Charges to Appropriations	<u>157,873</u>	<u>160,671</u>	<u>114,674</u>	<u>45,997</u>
Budgetary Fund Balance - June 30, 2005	<u>79,795</u>	<u>79,795</u>	<u>80,838</u>	<u>1,043</u>

**TOWN OF KOOSHAREM  
NOTE A  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>
<b>Sources/Inflows and Resources:</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	195,512
<b>Differences - Budget to GAAP:</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(79,795)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>115,717</u></u>
<b>Uses/Outflows of Resources:</b>	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	114,674
<b>Differences - Budget to GAAP:</b>	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>114,674</u></u>